REMARKS

Reconsideration and allowance in view of the foregoing amendment and the following remarks are respectfully requested. Applicants amend claims 1, 24, 27, and 35 without prejudice or disclaimer.

Rejection of Claims 1-7, 24-33 and 35-41 Under 35 U.S.C. §103(a)

The Office Action rejects claims 1-7, 24-33 and 35-41 under 35 U.S.C. §103(a) as being unpatentable over Li (U.S. Patent No. 6,275,531) ("Li") in view of Chiu et al. (U.S. Patent No. 6,233,283) ("Chiu et al.") and Masaki et al. (U.S. Patent No. 6,356,309) ("Masaki et al."). Applicants traverse this rejection and maintain our position. However, in order to further prosecution, and not for purposes of patentability, Applicants amend claim 1 to recite an additional limitation of encoding a gradually increasing amount of additional low priority frames as high priority frames until less than the threshold amount of low priority frames are being lost.

Applicants submit that the cited references do not teach this additional limitation. The Office Action points to Chiu et al., col. 3, lines 30-38, and col. 4, lines 18-49 as teaching if more than a threshold amount of low priority frames are being lost, encoding an additional number of the low priority frames as high priority frames, wherein the additional high priority frames are encoded at a lower quality than is generally used for high priority frames. However, Chiu et al. fail to teach the limitation of encoding a gradually increasing amount of additional low priority frames, as found in the amended claim 1. Chiu et al. also fail to teach the concept of a threshold of lost frames. Chiu et al. teach a threshold of human visual perception at col. 4, lines 42-45, but this threshold does not provide any useful information regarding the amount of lost frames. To illustrate the difference between these two thresholds, consider that losing a high number of low priority frames could have little to no discernable visual impact. Therefore, Applicants submit that claim 1 is patentable over the cited references because the new limitations are not taught by

Chiu et al. Applicants further submit that claims 2-7 are patentable because they include all the limitations of claim 1 and recite additional limitations therefrom.

Applicants amend claims 24, 27, and 35 in a manner similar to claim 1. Applicants submit that claims 24, 27, and 35 are patentable over the cited references for the same reasons as claim 1. Applicants further submit that claims 25-26, 28-33, and 36-41 are patentable because they depend from one of claims 24, 27, and 35 and inherit their respective limitations. Accordingly, Applicants respectfully request that the 35 U.S.C. §103(a) rejection be withdrawn.

Rejection of Claims 8, 34 and 42 Under 35 U.S.C. §103(a)

The Office Action rejects claims 8, 34 and 42 under 35 U.S.C. §103(a) as being unpatentable over Li in view of Chiu et al. and Masaki et al. as applied to claims 7, 33 and 41 above, and further in view of Zhang et al. (U.S. Patent No. 6,816,194) ("Zhang et al."). Applicants submit that claim 8 is patentable inasmuch as it depends from claim 1, which is patentable as discussed above. Therefore, Applicants respectfully request that the 35 U.S.C. §103(a) rejection be withdrawn.

CONCLUSION

Having addressed all rejections and objections, Applicants respectfully submit that the subject application is in condition for allowance and a Notice to that effect is earnestly solicited. If necessary, the Commissioner for Patents is authorized to charge or credit the **Novak, Druce & Quigg, LLP, Account No. 14-1437** for any deficiency or overpayment.

Respectfully submitted,

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By: _____

Thomas M. Isaacson

Attorney for Applicants
Reg. No. 44,166
Phone: 410-286-9405
Fax No.: 410-510-1433

Correspondence Address:
Thomas A. Restaino
Reg. No. 33,444
AT&T Corp.
Room 2A-207
One AT&T Way
Bedminster, NJ 07921